

COMMONWEALTH OF KENTUCKY

IN RE: KENTUCKY RIVER AUTHORITY

MEETING NO. 167

May 15, 2013
1:00 P.M.
Shaker Village of Pleasant Hill
Harrodsburg, Kentucky

APPEARANCES

Ms. Clare Sipple
CHAIR

Mr. Charles Bush
Proxy for Secretary Lori Flanery
Mr. Bill Caldwell
Proxy for Secretary Len Peters
Mr. James Kay
Mr. Ted Collins
Mr. Warner Caines
Mr. Russ Meyer
Ms. Pat Banks
Mr. Rodney Simpson
KENTUCKY RIVER AUTHORITY

Mr. Jerry Graves
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(Continued)

Ms. Sue Ann Elliston
Ms. Kayla Dempsey
Ms. Jennie Wolfe
Mr. David Hamilton
Mr. Tom Russell
Mr. Greg Henry
KRA STAFF

Mr. Tom Marshall
Ms. Carol Smothermon
Mr. Tom Calkins
Dr. Lindell Ormsbee
Ms. Malissa McAlister
Dr. Alan Banks
GUESTS

AGENDA

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MOTIONS

**MOTION TO APPROVE MINUTES OF
MEETING #166.....PAGE 6, LINE 2**

CHAIR SIPPLE: So, has everyone had a chance to look at the minutes? Do we have a motion to accept the minutes?

MR. MEYER: Motion.

CHAIR SIPPLE: We have a motion. Do we have a second?

MR. KAY: Second.

CHAIR SIPPLE: We have a second. All those in favor, signify by saying aye. Any opposed? The minutes have been approved.

**MOTION TO APPROVE RENEWAL OF
BLUE GRASS WATER SUPPLY
CONSORTIUMPAGE 8, LINE 1**

CHAIR SIPPLE: Do I have a motion to accept this?

MR. COLLINS: So moved.

CHAIR SIPPLE: We have a motion. Do we have a second?

MR. BUSH: Second.

CHAIR SIPPLE: We have a motion and a second. Any further discussion? All in favor, signify by saying aye. Any opposed?

**MOTION TO APPROVE RENEWAL OF
UK CONTRACTPAGE 18, LINE 18**

CHAIR SIPPLE: So, we need to have a motion to extend our contract.

MS. BANKS: I make a motion.

CHAIR SIPPLE: We have a motion. Do we have a second?

MR. COLLINS: Second.

CHAIR SIPPLE: We have a second. All those in favor, signify by saying aye. Any opposed? All right. Motion carries.

**MOTION TO APPROVE RENEWAL OF
STAFFMARK CONTRACTPAGE 20, LINE 19**

MR. COLLINS: I'd like to make a motion to renew Tom Russell's contract.
MR. CAINES: And I'll second it.
CHAIR SIPPLE: We have a motion on the floor and we have a second. Any other questions? All those in favor, signify by saying aye. Any opposed? It's unanimous then.

**MOTION TO APPROVE SIX-YEAR
CAPITAL CONSTRUCTION PLAN ...PAGE 28, LINE 17**

CHAIR SIPPLE: All right. Then I'm going to call for a motion. Do we have a motion to accept the six-year construction plan?
MR. MEYER: Motion.
CHAIR SIPPLE: We have a motion. Do we have a second?
MS. BANKS: Second.
CHAIR SIPPLE: We have a second. Any further discussion? All in favor, signify by saying aye. Any opposed? Unanimous

**MOTION TO ACCEPT FINANCIAL
REPORTPAGE 33, LINE 23**

CHAIR SIPPLE: I need a motion to accept the Financial Report.
MR. MEYER: Motion.
CHAIR SIPPLE: Do I have a second?
MR. BUSH: Second.
CHAIR SIPPLE: All those in favor, signify by saying aye. Any opposed? Motion carries.

MOTION TO ADJOURNPAGE 46, LINE 5

CHAIR SIPPLE: Do we have a motion to adjourn?
MR. COLLINS: Move we adjourn.
MR. BUSH: Second.
CHAIR SIPPLE: We have a motion and a second. All in favor, say aye. We are adjourned.

CHAIR SIPPLE: Good afternoon.
Welcome to Shakertown, Meeting No. 167 of the Kentucky
River Authority. I would like to have Kayla Dempsey call
the roll, please.

(ROLL CALL)

MS. DEMPSEY: We have a quorum.

CHAIR SIPPLE: And welcome to Rodney
Simpson who is not a new face to everybody but he is new on
our board. So, welcome to the group. You picked a good
meeting to come to.

MR. SIMPSON: Thank you. This is a
great place.

CHAIR SIPPLE: When I first came on
the River Authority, we talked about having meetings in
different places, and this is our second. Last year we went
to High Bridge near Wilmore and today we're in Shakertown.
So, we need to continue doing this at least once a year.
It's really great.

I think that the river boat trip is
called off because of high water. Is that correct, Kayla?

MS. DEMPSEY: Yes.

CHAIR SIPPLE: Because we had talked
about maybe doing that, but while you're here, if you have
time, wander around the buildings. It's really beautiful

and we couldn't have a prettier day.

So, has everyone had a chance to look at the minutes? Do we have a motion to accept the minutes?

MR. MEYER: Motion.

CHAIR SIPPLE: We have a motion. Do we have a second?

MR. KAY: Second.

CHAIR SIPPLE: We have a second. All those in favor, signify by saying aye. Any opposed? The minutes have been approved.

Now, we're going to switch the order of the agenda just a little bit. We have a couple of people that have to get out of here early. So, Jennie Wolfe, we're going to postpone the Financial Report and we'd like to do the presentation and consideration of the renewal of the Blue Grass Water Supply Consortium from Tom Calkins.

MR. CALKINS: This is just the extension. They only do these one year at a time, and the last one was done by Don Morse and now Jennifer is doing this one, and it's pretty much a cookie-cutter amendment. It's just a change in time only to June 30th of next year.

CHAIR SIPPLE: Do we have any discussion? Any questions? Do I have a motion to accept this?

MR. COLLINS: So moved.

CHAIR SIPPLE: We have a motion. Do we have a second?

MR. BUSH: Second.

CHAIR SIPPLE: We have a motion and a second. Any further discussion? All in favor, signify by saying aye. Any opposed? Thank you.

CHAIR SIPPLE: You're welcome. Jennie, if you don't mind, we're just going to go on and get these presentations, we'll do these and then we'll have the Financial Report later.

So, presentation and consideration for renewal of the UK Contract, Malissa McAlister who is our River Basin Coordinator and also Dr. Ormsbee.

DR. ORMSBEE: For those of you all that don't know me - I think I know most of you - my name is Windell Ormsbee. I'm the Director of the Kentucky Water Resource Research Institute at UK and we've partnered with the River Authority since the late nineties actually.

When the River Authority was established, Hugh Archer came over and we had a discussion about how the Water Institute might partner with the River Authority and support watershed management activities across the basin.

In your blue packet, I've got a couple of items. We have a short Powerpoint presentation. We're going to review the program and lay out our objectives for next year. And there's also a little brochure that we've put together that we'll be distributing throughout the basin. It talks about different programs that are available to folks in the basin and also accentuates the support and role of the River Authority and those associated activities.

For those of you all that may know, the actual KRA statutes has a couple of provisions in them that address issues related to watershed management. There's an item that talks about the Authority is authorized to develop and implement plans for protecting the water of the river as well as water quality and they're also authorized to do various studies to collect data and so on in support of management activities, whether those be related to quantity issues, flooding issues or drought issues, whether it be related to water quality issues or recreational issues that also obviously fall under the germane of the River Authority.

So, over the years, since back like I said with Hugh Archer, we partnered with the River Authority and have had an annual contract that kind of

supports a range of activities with regard to watershed management activities.

And, then, over the years, we've also occasionally come in at the request of the River Authority and done some special projects or provided some technical support. Back in the nineties, we worked really closely with regard to some of the drought issues then and developed a comprehensive analysis of the river that then kind of served as a basis for a subsequent valve operating plan that was developed by the River Authority, worked with the Division of Water and so on.

But today we're just going to give you an update of some of the activities. I think we went through this last year and kind of give you an overall view of the scope of the annual contract.

I will say this has probably been one of the most successful programs that I'm aware of even nationally. Malissa and I actually wrote a paper kind of talking about the activities and the history of the program. It's been accepted for publication in a national journal. And really it's partly the partnership that the River Authority has had with the Water Institute.

Last year or actually two years ago, EPA recognized the Institute as a Center of Excellence,

National Center of Excellence for Watershed Management, largely, I think, based on the successes that this program has had. And there's been a lot of other programs nationally that have kind of looked at what's happened here in Kentucky.

Indeed, the Division of Water has been looking at the program that Steve kind of came up with regard to this small grants that you all approve each year, and they've actually been looking at ways to maybe leverage this concept across the state because of the huge success that it's had across the basin.

So, I just wanted to give you a little bit of quick history and background, and I'm going to let Malissa kind of walk you through some of the particulars of the rest of the presentation and then present some of the activities for next year and our budget. And I'll be here. If you have any follow-up questions that Malissa doesn't want to answer, she can throw them at me.

SIPPLE CHAIR: Thank you, Dr. Ormsbee.

MS. McALISTER: I've been doing this job - this will be my twelfth year doing it if approved - and every year I do a little soul searching if I still want to do this. And, yes, I do because it's such a pleasure to

work with all of you, with Lindell and the Institute and all the watershed groups that I get to work with. I'm always learning and I'm still passionate about it. So, here I am one more time again.

I just wanted to talk to you about some of the regular things that I do such as the Basin Coordinators' meeting. Just so you know, I have counterparts in four other basins right now - all the basins don't have coordinators - but we meet on a monthly basis for the day and talk about relevant topics for all of us. And those are very helpful for networking and bouncing ideas off each other.

And, then, I also convene a Basin Team and we have been meeting at Pat's office at the Riverkeeper office in Richmond for the past few years which is a great place to have it and have different stakeholders from throughout the basin come for the afternoon and talk about specific activities going on and try to get help from each other on projects, and I get feedback from people at the meeting to help me in my job.

And, then, there are several watershed teams that are very active right now that have major projects going on. I also have been on the Bluegrass PRIDE Board for seven years at least, and I'm now in the Chair

position. This will be my last year, but that's been great, too, because that's a broader environmental education organization and it's been interesting working with them. They do great things.

And, then, also I'm now Chair of the Kentucky River Watershed Watch which is the group of volunteers that sample throughout the basin every year up to four times a year, and then we summarize the data and present it to them every year in January.

And, then, I also try to attend the Water Council meetings at the ADD's if possible, especially the Bluegrass ADD, and those are always very important as well.

I mentioned Watershed Watch. We have about 150 sites that we sample throughout the basin as of now, up to four sampling events a year, and they collect basic field data - herbicides, which we're getting ready to do this weekend. In the summer, we have two sampling events for E.coli which is an indicator of pathogen presence in the water; metals, nutrients and chemicals in the fall. So, those are the four events.

This is a map showing you where those sites were last year. They're becoming increasingly concentrated in this central and lower parts of the basin,

although we do have several sites in the North Fork and we're trying to recruit at least for the Middle Fork, there's a Red Bird River project going on there, and, then, we're picking up some sites in the Red River Gorge area. So, we're trying to branch back out and broaden our reach.

This is a slide that's showing how pathogens continue to be our primary concern from the sampling effort. It's hovering around 70 to 80% every time we check the percentage of sites that are greater than the safe swimming standard for the state. So, a lot of my education and outreach efforts are trying to focus on addressing that concern.

We're doing a lot of work with septic system education and outreach, making people understand they have to maintain their systems, helping farmers work with cost-share programs to minimize the cattle access to the creeks, things like that.

And, then, every year also when we synthesize the data, I try to come up with the sites of concern, the ones that seem to have the worst results for a broad range of parameters, and these were the ones from last year, which they are pretty spread out all over the basin, and several of those are repeat occurrences. So, we try to then work with the volunteers who sample at those

sites to see what can be done about that.

And, then, Lindell already mentioned the Watershed Grant Program. Now, that is my favorite carrot that I have to entice people to go a step further in their watershed. It is thankfully a simple application process. We haven't required matching funds from the recipients, and there's been tons of projects that they come up with, the applicants. As you know, you just reviewed these. They were great and we had a slew of applications this year. So, it's still very popular and seems to be going strong.

A couple of weeks ago, I did visit a project that we funded last year and just wanted to show you some pictures. This was a school in Georgetown that restored a wetland in coordination with the U.S. Fish and Wildlife Service, and Kentucky American gave them a large grant to help with this also. And the kids were so excited. They called this their Earth Day Extravaganza, and they just like descended down the hill and were all in the water and wetland exploring it. Some of them had never done that before. So, that's always good to see.

And, then, this is a project that Kentucky Waterways Alliance received funding for to get citizens to help with some extra water quality sampling in

the Upper Red River Watershed. And on June 1st, they've having a cleanup of this creek and they're doing different educational activities and trying to recruit Watershed Watch participation. So, hopefully, that will help with some of the headwater impacts to the Red River Gorge streams which are obviously a major recreational destination.

And this just shows the locations of the grants that you all funded this year just to remind you. So, we spread them out pretty well this year.

And, then, Lindell also mentioned the Center of Excellence and the different things that we have done since that was launched. We had a Watershed Summit last year. And, then, this year, we're going to try to hold a summit that's focused on the Kentucky River Basin, stakeholders like local officials, watershed groups, County Judge Executives, stormwater managers, that kind of thing and try to help them network and get ideas for water quality improvement.

I should mention this. We are working very closely with Kentucky Geological Survey on revamping Watershed Watch volunteer access to their data and interpreting it and having some tools where it's graphed to show maybe trends and that kind of thing, and we're hoping to finish that by the end of the year. We've been working

on this for a long time and we might see some closure here soon. So, that's exciting. And, then, Lindell is also working on the TMDL's and has been working on that for a few years as well.

So, these are our proposed activities which are essentially the same as we've done before. I act as a liaison with a Division of Water and other state agencies and represent the Kentucky River Authority at these different meetings. I work with the Kentucky River Watershed Watch doing a variety of things and then offer technical support, grant-writing assistance for the watershed projects.

The one thing that I added is a kind of combined effort for all the Basin Coordinators to update the basin status reports. This is supposed to be a user-friendly document for the general public about the basin, and it has some really helpful information for somebody who knows almost nothing about water quality and the assets of the basin and landscape features. Hopefully, it will be something interesting to read and we're going to add some updated maps.

And, so, we're working on that right now and that should also be finished this year, and it will be available online and then hopefully we'll have some

printed versions as well.

And, then, this brochure I worked on, this is draft. I just wanted you all to have a copy of it to get an idea of what we wanted to do to have for all the recipients from the watershed grant funds, and then maybe for wider distribution as well just to have kind of all this information in one place about what you all do and other resources and your grant program.

And, then, this is our proposed budget for the year which is also I think exactly the same as last year. That's all.

DR. ORMSBEE: Any questions?

CHAIR SIPPLE: No questions. Well, it was very well explained then. Thank you all both for the presentation. So, we need to have a motion to extend our contract.

MS. BANKS: I make a motion.

CHAIR SIPPLE: We have a motion. Do we have a second?

MR. COLLINS: Second.

CHAIR SIPPLE: We have a second. All those in favor, signify by saying aye. Any opposed? All right. Motion carries. Thank you all so much, and thanks for all the great work you all are doing.

Let's go on and do the presentation and consideration for the renewal of the Staffmark contract. Are you going to do that?

MR. GRAVES: I need to step outside.

(Mr. Graves exits)

CHAIR SIPPLE: Note that Jerry Graves has left the building.

MS. ELLISTON: I'm going to hand out Tom Russell's duties and you all can read over those. This just a renewal of his contract for this year. It's a \$20,000 renewal, and I think he only spent about \$8,000 or close to \$8,000 for this past year. And Jennie has some numbers.

MS. WOLFE: This was included in your all's packet. We kind of broke down the past three, including this year, of what has been spent on the contract.

You'll notice that this year was a little bit less than the previous two years. Last year, Tom worked on the Emergency Management Plan, and, then, the previous year was the May flood and also he attended FEMA meetings, and this next year, he's going to be working on the Drought Response Plan. So, that kind of breaks down those numbers. And if you're wondering why the previous two years are a little more, that kind of explains that.

CHAIR SIPPLE: That's this page

right here. So, this will be \$20,000 over a three-year period. Is that correct?

MS. WOLFE: No. The maximum for one year, and that's just what we've spent for this year and the previous two years. And this will be as of July 1, the new fiscal year for the new contract.

CHAIR SIPPLE: He certainly did a bang-up job on the Emergency Management Plan.

MS. ELLISTON: And if I'm not mistaken, I think he's going to be working on the Drought Response Plan if his contract is renewed.

CHAIR SIPPLE: Do we have any questions that we need to direct to anyone?

MR. COLLINS: I'd like to make a motion to renew Tom Russell's contract.

MR. CAINES: And I'll second it.

CHAIR SIPPLE: We have a motion on the floor and we have a second. Any other questions? All those in favor, signify by saying aye. Any opposed? It's unanimous then. Thank you very much.

(Mr. Graves returns)

CHAIR SIPPLE: Let the minutes reflect that Mr. Graves has returned.

Now, we come to another meaty item

and that is the presentation and consideration of the six-year capital construction plan. So, Jennie and Jerry.

MR. GRAVES: As you probably know and have been reading in the minutes and discussions for the last twenty months I've been on board, we have been talking about being proactive and moving forward, and this is part of the process that we're going through as we speak.

This is pretty much self-explanatory, but I would like to go over it with you, our six-year plan which Jennie, David and I will make a presentation to the LRC next Wednesday. We have a twenty-minute, I don't know if it's testimony----

MS. WOLFE: Question and answer.

MR. GRAVES: Question and answer, whatever ceremony. We'll go through this process to talk to them and get maybe hopefully not drilled by them but whatever. As you all have approved before, we are just extending things.

Construction of Dam 8, that contract was let--has not been let. The bid opening was the end of April. The bid was twelve million six hundred and change. The next phase of our capital construction project will be the renovation of Locks 1 and 2. That's in the process of

getting the design for that. That should be probably completed by late summer.

Then you go down and the next process will be the design of Lock 10. To be honest with you, after that process is over, we're back to zero. We'll be out of money again.

And then we prioritized the repair of 6, 12 and 13 in that order and then repair of 11 and 12, 7 and 4 and 5. Now, keep in mind, some of this can switch at anytime. We could have a high-water event. Four could be moved up quickly or 7 or whatever. We don't know. We can't predict.

As I've said many times before, we either stay proactive and do these things or we sit back and wait for failure, and failure will come. We're looking at structures that, as you well know--I was telling Jennie this morning, the State of Kentucky started construction of 1 through 5 in 1830. Then the federal government got involved and they did 6 through 14.

Now, we're back to where we started. The federal government took over 1 through 14. They gave us 5 through 14, and we're going to get 1 through 4. I spoke with the Corps this past week, and I spoke to a lady named Sharon Bonds. Is that right, David?

MR. HAMILTON: Yes.

MR. GRAVES: And she is a decision-maker and she basically told me again, we have no monies for the Kentucky River. That's it. So, here it is.

Anyway, that's pretty much our six-year plan. It's there in black and white. I'll be glad to answer any questions, concerns. The funding mechanism you approved. The bond sale went. The money has been deposited in our account. That happened today. We had nine bidders for the bonds which was good. So, we got a good rate.

The bid for 8 was about \$1 million more than I thought it would be. We only had two bidders. As I said earlier today, our market is not enticing to every contractor who is running up and down the road. Those what I call the big boys, they're on the Ohio and the other rivers. We're getting quality work but they're looking for the bigger change.

And 8 is not like going to Lock 4. I don't know if some of you have been there or not, but if you go to Lock 8, you understand why they're charging a little more. Number one, they're going to have to have security there 24/7, 365. They will pick your pockets in a heartbeat down there. There's more gun shell casings there than

probably at Fort Knox. If it's not nailed down or welded down, it won't hang around long.

The dam itself sets on some questionable soil, rock. And, so, we're paying for a little extra on that, but it's also a need and it needs to be built. So, we'll be moving forward on that. We only had two bidders, one at 12.6 and one at 15 and some change, 15.8.

MS. WOLFE: Fourteen nine.

MR. GRAVES: Yes. It was around \$15 million. So, those were the only two games in town. Any questions?

MR. MEYER: What was the rate you got on the bonds?

MS. WOLFE: It's probably in that book back there.

MR. GRAVES: I can get you that.

MR. MEYER: It's no big deal. You can tell me later.

MR. GRAVES: We have a copy of it. And I'm going to be honest with you. I sat through meetings. I talked to Ryan Barrows with OFM and he explained to me all about the money situation. And every time he tells me, I think I have my hands around it; and then I say I don't understand what that man just

said, and I'm being honest with you.

Our rate is good. I think it's between two and four. So, we've got a good rate, but everybody had their hand in the bucket. We paid \$45,000 for A.M. Best, Moody's and Fitch to see if we were worthy. That was \$45,000. OFM charged us \$5,000 to do their work. Nobody gave us anything free.

So, it was like eighty or ninety thousand just to go through the process. It's about like doing a home mortgage. There's a lot of things at the end of the table you didn't think were going to be there. I didn't answer your question but I'll be glad to get that number to you, and we'll give the Board members copies of that structure.

We do not make a principal payment until 2015. We make two interest payments this year. So, basically, we're going to be about three-quarters of a million dollars ahead of the game at the end of this year starting in July 1 through June 30th of next year. We're going to have a buffer. So, we're going to be in pretty good shape financially.

MS. BANKS: I have a question. I have forgotten. Are we opening that lock on 8? While we're reconstructing the whole dam, are we going to

be----

MR. GRAVES: We're putting the dam in right now. The concrete barrier is still there. That's a decision that the Board would have to make. That would be some additional cost.

MR. BUSH: It wasn't part of the bid?

MR. GRAVES: No, sir.

MS. BANKS: But it's not too late?

MR. MEYER: What's the approximate cost?

MR. GRAVES: To tear up the wall, it was between four and five hundred thousand to put it in. To take it out, I can probably get Stantec to do some numbers for us. I'll be glad to get those numbers to the Board. That's not a problem. I can give you a good-faith guesstimate. I'm not saying it's not possible, but right now it's not part of the plan as we speak, but we're always open to suggestions. We'll just see how the monies go.

CHAIR SIPPLE: It would certainly be a nice lock to have open. Well, maybe you can have a conversation with Stantec and see what that cost would be.

MR. GRAVES: I will be glad to. In fact, I meet with the reps Friday and I'll just give them some food for thought.

CHAIR SIPPLE: It would certainly facilitate travel between those pools. And since the Nature Conservancy is looking at the long-term plans for that particular part of the river, it would be a real important feature to have open if we could. I think Jessamine County has done an awful lot to allow access to the river.

MR. GRAVES: Eight is the highest lift we have on the pool. Most of the lifts, vertical lift is around 14 to 15. I think 8 is an 18- or 19-foot lift. So, it's the highest lift that we have on the pool. It's the last masonry structure we have. It's the last timbercrib dam on the Kentucky.

CHAIR SIPPLE: You said it was an 18-foot lift there?

MR. GRAVES: Yes, ma'am. Most of the lifts are 14 to 15.

MR. HENRY: I think that would be a problem. With Lock 8, you've got a crack in the formation in the lock chamber and it fills with water. And the formation comes out about thirty foot above the lower gate and comes out below the lower gate about the same amount, and you had to use a hand wrench to open the upper gates. It lacks about four to six inches filling up with all your

valves open. So, that lock chamber would probably have to have a floor poured in it in order for it to operate properly.

MR. GRAVES: And nothing against our consultants and engineers and people that we deal with, but this guy right here has more knowledge about 1 through 14 than all the people we would ever want to hire. And when Greg tells me this, I take it as Gospel. He knows them like the back of his hand.

Any other questions?

CHAIR SIPPLE: All right. Then I'm going to call for a motion. Do we have a motion to accept the six-year construction plan?

MR. MEYER: Motion.

CHAIR SIPPLE: We have a motion. Do we have a second?

MS. BANKS: Second.

CHAIR SIPPLE: We have a second. Any further discussion? All in favor, signify by saying aye. Any opposed? Unanimous. Moving right ahead.

MR. GRAVES: Thank you.

CHAIR SIPPLE: Now we'll go to the Financial Report.

MS. WOLFE: For this Board meeting, I'm going to go ahead and use Don's Financial Report but

we've narrowed it down a little bit. And then over this summer, Jerry and I plan to work together and we're going to come up with a new Financial Report. And if any of you all have suggestions of what you do or do not want to see, feel free to let me know and we'll accommodate you.

So, I'm going to start with the month end February 28th in the Tier I fund. Revenue collected from fee payors on the Tier I was \$193,363.90. The cash balance at month end in the Tier I fund was \$892,647.47.

The next page is the revenue collected from the Tier II fee payors was \$346,982.61; and the cash balance at the end of the month for the Tier II fund was \$2,739,178.72.

And then the third page is the lock operations fund had normal expenses in February.

So, the month ending is the next little section. For the month ending March 31st, there was no revenue collected in either fund from the fee payors. The cash balance on the Tier I fund was \$842,486.13.

In the Tier II fund, there was a debt service payment made on March 15th of \$313,846.25, and the next debt service payment will be June 15th.

MR. GRAVES: That's debt service for
9.

MS. WOLFE: Yes, for the 2008 bonds. And then the cash balance of the Tier II fund at month end was \$2,426,964.07. And then also the lock operation fund had normal expenditures in March.

On May 1st of this year, I did the January 1st through March 31st billing. We billed \$212,359.84 in Tier I and \$327,701.90 in Tier II. That was approximately 9.65 billion gallons in Tier I and 5.46 billion gallons in Tier II, and those numbers are increased from what we billed in the same period last year.

Some year-to-date numbers, since July 1, 2012, we have collected \$700,136.79 in Tier I and \$1,327,260.47 in the Tier II fund.

Something that Jerry and I worked on and he wanted me to present today was this sheet, it's the cash balance of our four funds as of May 7th. The first one is the General Fund. This is the money allotted from the Legislature and it has to be spent down to zero by June 30th or all that money goes back into the pot of what we don't spend. There will be a new allotment starting July 1 in that fund.

The next three funds listed are the Agency Funds. The first one, the 135L Fund, the Tier I fees are deposited into that fund and that pays the office staff

and our operating expenses. The Tier II fees pay for the debt service payment. And then the last fund listed is the KRS Savings Account. So, that is our cash balance of our fund as of May 7th.

MR. GRAVES: If I can chime in, our savings, what I call our rainy day fund, that was established twenty months ago, I believe.

When I came in, we have surplused vehicles. I've told you at every meeting, we have surplused vehicles, we have surplused scrap metal. We have sold four vehicles. So, this money has come from inside our agency gathering up cash, and this is what we call our rainy day fund if we have a mower to break or something of this nature. You know, \$50,000 is a lot of money, but when you start buying mowers and weed eaters and etcetera, that doesn't go far. I think we've got one more travel to scrap out, but we've just about scrapped everything else that we can possibly haul off.

So, we're trying to do a good job of taking the dollars that we do have and making it go as far as we can like every other State agency. We do have the luxury that we can buy our own things, we can buy our own vehicles, etcetera. Our fleet is down to two. We have two trucks and one SUV.

And I told Greg that when this other truck that Bobby drives--Bobby Webb is basically on call for 1 through 7 and Greg is for upriver. If something were to happen, they would respond immediately as well as Tom. But Bobby's truck is burning a lot of oil, so, instead of buying a new truck, we'll put a new engine in it. I'd rather spend \$2,500 or \$3,000 as opposed to \$40,000. So, that's our thought process at KRA.

And going back to when Jennie talked about the General Funds, it's either use it or lose it, well, I don't believe in just spending money just to be spending money. So, last year, I think we took the last \$4,800 we had left and we purchased shingles, felt paper and OSV, which is underlayment for the shingles, to roof our buildings at 4.

I'm pleased to announce - this is part of my report, but I'll go ahead and tell you while I'm thinking about it - we have completed a new roof on 4, the old lockhouse there. The lockmaster's house has a new roof. And I want to say thanks to Greg and his staff for doing that. If we had hired that out, it would probably have been four or five thousand dollars. It only had seven layers of shingles on it.

So, for less than \$5,000, we're going

to put roofs on the old lockmaster's house, the assistant lockmaster's house and the red brick building that houses the office for the guys.

MR. SIMPSON: You said it was four or five thousand if you farmed it out. You haven't put a roof on lately.

MR. GRAVES: It's been five years ago.

MR. SIMPSON: Mine was \$9,000.

MR. GRAVES: I'm very pleased with Greg and I could go on and on about what they do for us to save us a ton of money. I stole some of your thunder.

MS. WOLFE: No. I'm finished. Any questions?

CHAIR SIPPLE: I need a motion to accept the Financial Report.

MR. MEYER: Motion.

CHAIR SIPPLE: Do I have a second?

MR. BUSH: Second.

CHAIR SIPPLE: All those in favor, signify by saying aye. Any opposed? Motion carries.

(Mr. Meyer exits)

Mr. Meyer had to leave, and, so, we're down to the reports. David, I think you're next up

for the Engineer's Report.

MR. HAMILTON: First, I'll start off with Dam 8. Jerry and Jennie covered most of that. The only thing I will add is the precise bid on it was \$12,630,455, and the award went to Aquarius Marine, which is a company owned by C.J. Mahan which did the Dam 9 project. So, we've got a pretty good comfort level with the contractor that won the award.

We also did get a letter of approval from Stantec with their qualifications recommending that we proceed if we so chose to do so.

The Lock 3 and 4 project is finally complete. What we were waiting on primarily was the upper gates at Lock 3. We were not satisfied with the way they were mitering together and the amount of leakage primarily at the miter joint. The valves, it seems like a lot there, but that's fairly typical. That's a metal-on-metal contact there. So, you're never really going to get a real tight seal.

So, what they did is they came in and it was pretty impressive. This motivated the entire project. We would have been done probably early summer, but unfortunately they had a lot of hiccups along the way and finally came out and dropped their A game towards the end.

But the primary problem was the alignment of the land side gate. It had a downward lean to it. This is dropping a plumb bob from the miter joint at the water surface. You had about an inch and a half where it was out of level. It also had a drop. If you put a level on the top of here, it also had a drop where it was leaning down towards the miter.

So, they brought in a crane, pulled the gate, put in some felt, reinstalled the timbers with shims and met the satisfaction.

As far as the date goes, we got a final approval for completion on April 25th. This puts them 47 days, or, sorry, 129 days until final completion. They're already 47 days beyond substantial completion which they completed back on December 10th of last year.

So, the Finance Cabinet basically will be dealing with how those liquidated damages are dealt with. If you will recall, it's \$2,000 a day. So, it's a substantial pot of money there that we're dealing with. There were real costs that were involved. We had to pay Stantec additional funds for them to be out on the site for all those additional days, and I believe those came to about \$74,000 in additional charges from them. So, right up front, you've got that that we at a minimum will have to get

back from Brayman.

And Jerry wanted me to go over - he had already brought up something that Greg and his crew has been doing this winter, but he wanted me to go over a few of the things that they have done. It's easy to think of them as not having a whole lot to do during the winter; but to be honest, this summer when they're locking boats, it's the easiest thing they do.

This is a shot at Lock 4. You can see the Tower back there in the background. And I believe this is the fourth time this winter. This is back-breaking work trying to get all that timber out. It's several days of poking, prodding, sawing. It can be twenty degrees out there and they will be out there in their short sleeves because it's pretty strenuous work. Here's another shot of it from the upstream side - dead cows, everything you can image in there.

So, that's one thing they've done this winter. Like I said, at least four times, they've had to clear that type of junk out. This is the worst location of the four. If you look at an aerial shot of the river in Frankfort, it kind of comes around a big bend and it just hugs outside the river bend there.

As Jerry mentioned, they were

putting a new roof at Lock 4 at the lower house. That's Bobby and Greg. They pretty much had to re-sheet the whole thing also. We had a couple of baby buzzards in that window there that we had to work around.

Another project they did. One thing I'll say about Jerry is he does not like to see anything go to waste. When Brayman pulled off at Lock 3, the cable off of their crane at the site, they just discarded it. It could have been frayed in one spot or had a small kink or it might have just been perfect.

MR. GRAVES: We pulled it out of the river.

MR. HAMILTON: It was just kind of laying there. So, Jerry had our guys go pick it up. And this is the yard down at Lock 7 where the old lockmaster houses used to set, and it's all clay-capped, lead-contaminated soil. And we've had a lot of trouble here this year particularly with people taking their trucks and four-wheelers down there and just tearing that yard up, rutting it through the lead-contaminated soil.

So, our guys went in, re-graded it back out and put fifty pounds of seed on it and put in this post and cable perimeter up around the properties to keep the trespassers from tearing up the yard anymore.

I believe that's it. As I said, we're going to be starting Dam 8 here and that will be a two-year project. We've got design for 1 and 2. Hopefully we'll have that done this summer. So, looking forward to getting some projects going again. There's been a bit of a lull since 3 and 4 has been winding down.

CHAIR SIPPLE: Last summer when we toured all the lock and dam facilities with the National Park Service personnel, we were just amazed at how hard it is to access some of these locks and dams, especially 8.

I feel sorry for the people who live along that little narrow road to get to that lock site. And all these locks and dams were built to be worked on from the river; and now that we can't get through the locks, we've got to build them from over land, and I'm sure that increases the cost quite a bit, too.

MR. GRAVES: If I can interrupt. They're going to have to put a concrete batch plant onsite because once the concrete is put in the truck, you've got so many minutes to dump it, and there's no way you can get from a concrete facility in Lexington or Frankfort or Jessamine County in that amount of time. So, it's not cheap.

And if I can go back to what Greg and

them did at 7. We had two options. We could either have gone in and encapsulated that soil again. That was going to cost us a ton of money to haul dirt and re-grade it.

So, Greg and them went in and graded it in-house. They bought thirty bags of concrete. The posts were \$300. So, less than \$500. The cable would be about \$3 or \$4 a foot. So, Brayman left that in the water, so, we had salvage rights. So, less than probably \$500, we saved, I don't know, probably thousands of dollars if we had to contract that out.

I know I'm bragging on Greg and them but they do, they save this organization a bunch of money, a bunch of money. And the best thing about it, they never complain. They just go out and do their job and just keep going and never fuss.

CHAIR SIPPLE: All right. Thank you, David. Jerry, do you want to give a report?

MR. GRAVES: Yes, ma'am. I've got a few things.

Lock 4 and 3 will be operational the 24th of this month, Friday, Saturday and Sunday and Monday, on the holidays. And the guys yesterday operated the locks at 4, dewatered, swung the gates. Everything worked like it was supposed to. We had a little mud on the upper seal.

That was from all the high water we've had lately. We've had pretty good water. Not a lot, but when it gets around 14 or 15 foot, it does deposit quite a bit of mud.

The rest of his staff at 3 today flushing the valves and opened the gates at 3. So, 3 and 4 will be open. So, I encourage you to speak to your friends and utilize these things.

Our lockages won't be that great this year but I think once 1 and 2 are completed because I've gotten many, many calls from Ohio to Indiana. They're ready to come. Tomorrow night, I'm going to meet with the Owen County people over there. They're excited about some things that are going on at KRA. So, up and down the river, it's going to get a lot of good chatter.

As I said earlier, I spoke to Sharon Bond with the U.S. Army Corps of Engineers. I spoke to her about removing the lower approach wall at 1. David and I have met with them before. They never got back. So, I said I'll call and she did return my call. And, so, it doesn't look good but at least we're talking. It doesn't hurt to talk. So, I'm going through those conversations with her.

Sometime in June, our staff - and I think it's good that we do things like this - but we're going to have a staff field trip. We're going to go to McAlpin

and tour their facilities. They have a workstation there, their fleet and go and visit McAlpin lock and dam. They have two 1,200-foot chambers there. If you've never locked through the Ohio River, it's something just to see the facility.

I give an open invitation to any Board member who would like to attend that day and go with us. You are more than welcome. And, likewise, anytime you want to go to one of the upper locks or lower locks, if you'd like to go to 8, all you've got to do is call Kayla and say I'd like to go. We'll make accommodations. That's an open invitation. So, just contact us and we'll be glad to take you and show you what we do. And if you've never seen those facilities, I think it's good that you get an opportunity to do that.

The only other thing is Wednesday, I keep telling Jennie, she has got to testify in front of LRC. She thinks she will be sick that day, but we'll do our six-year plan.

I think we do a lot with what we have. It's a small staff. And I said the other day, I said, Greg and them, they don't have anything to do except maintain fourteen locks and dams, a park, put up with me. I've always got something for them to do, always. And I told Jennie when

she first came on board - and by the way, Jennie is doing a super good job. I'm very pleased with Jennie and our hire there. I said there's going to be times you're going to be bored to death. And the other day, she said when does that day get here. So, that hasn't hit yet.

We're busy. I like it like that.
So, that's pretty much it. Any questions?

CHAIR SIPPLE: Thank you, Jerry. I like the comment he made about the River Authority generating chatter up and down the river and I think that's good. We want some chatter.

We were a little concerned about raising our Tier II fees. There was an article in the Winchester paper and the Winchester Municipal Utilities said that this would happen, and we haven't heard any negative feedback from this at all. This is something we just agonized over.

MR. GRAVES: I have not to my knowledge - and, Kayla, help me here - no one has called and complained about it. That doesn't mean they're not saying anything, but no one has formally called and addressed what we have done.

CHAIR SIPPLE: We like good chatter.
And I think that some of the initiatives that some of our

Board members have taken has been good. More and more people are putting their eyes on the river.

There was an article that was in the State Journal that was passed around that I thought was really good about paddling in Pool 6. The Lexington Herald also did an article about paddle sports on the Kentucky River. I think that's great. There was another article that Fish and Wildlife has done.

So, it's nice that we're getting some people who are beginning to look at the river with new eyes, as we say.

Pat has been working really hard not just as a member of our Board but as the Riverkeeper and we're continuing to try to just get more people aware that the river is there and that it is an opportunity for people. It's not just our water supply.

We're getting ready to have our third Kentucky River Watershed Watch meeting on May 31st in Frankfort and it's going to be a day-long from 9:30 until 3:00, and it's a pretty interesting schedule. We'll get Pat to email everybody a copy of this.

If you have time, we welcome everyone to come because it's interesting to see this group of people when they get together the excitement that's building about

opportunities on the Kentucky River. And, so, we're not just talking about the River Sweep but we're talking about other things that could happen on the river. So, I think that's really good.

I had to sign my name to the \$20 million bond issue this week.

Yes, Pat would like to say something.

MS. BANKS: Just to build on what Clare just said about this conference, when we had our first conference, the River Authority has been invited to all of those, and Jerry and Clare have been to all of these meetings and David has been, Sue. But the thing that struck me when we had our first meeting, people were just so skeptical that anyone was even talking with each other.

And after our last conference, one of the comments that people made is, okay, how do we get the River Authority to actually talk to the National Park Service because they cannot believe what they've seen, that people were actually interacting and that the River Authority was actually paying attention to some of the things that they were saying. So, I just wanted to say thank you.

CHAIR SIPPLE: I went to the Bluegrass Tomorrow Breakfast at Keeneland a couple of months

ago and there were two speakers. One of the speakers was Russ Clark from the National Park Service who made a presentation about the Water Trail Alliance.

So, there's a lot of excitement building about this. So, we're real pleased that the River Authority has been backing us up along these lines, and we hope it will continue because the more people that know about the river and like what's going on there, the more support we will have for our different projects.

Anyway, that's all I have. I appreciate everybody coming to Shakertown today. If you have time, you can stick around and walk around a little bit because it's such a lovely day. Thanks, everyone. Does anyone else have something they'd like to talk about?

Do we have a motion to adjourn?

MR. COLLINS: Move we adjourn.

MR. BUSH: Second.

CHAIR SIPPLE: We have a motion and a second. All in favor, say aye. We are adjourned.

MEETING ADJOURNED

STATE OF KENTUCKY

COUNTY OF FRANKLIN

I, Terri H. Pelosi, a notary public in and for the state and county aforesaid, do hereby certify that the foregoing pages are a true, correct and complete transcript of the proceeding taken down by me in the above-styled matter taken at the time and place set out in the caption hereof; that said proceedings were taken down by me in shorthand and afterwards transcribed by me; and that the appearances were as set out in the caption hereof.

Given under my hand as notary public aforesaid, this the 22nd day of May, 2013.

Notary Public
State of Kentucky at Large

My commission expires February 10, 2017.